USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 7/31/2008

GAIN Report Number: FR8013

France

HRI Food Service Sector

Annual Report

2008

Approved by:
Elizabeth B. Berry
U.S. Embassy

Prepared by:
Roselyne Gauthier

Report Highlights:
In 2007, the French hotel, restaurant and institution (HRI) food service sector served over 9.5 million meals valued at $107.2 billion. Commercial catering dominated the sector with 78 percent of the market. Traditional restaurants, including chains, were the leading segment within commercial catering.

The HRI/food service sector is an open, highly competitive market in France which is supplied primarily by domestic and EU producers. There are opportunities for U.S. suppliers for reasonably-priced, high quality and innovative products such as fish and seafood, fresh and frozen meat, fruits and vegetables, frozen deserts, ready-to-eat meals and ethnic/regional sides or meals, bison meat, as well as salad dressings, tomato sauces and spices.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Paris [FR1]
[FR]

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SECTION I. MARKET SUMMARY [1]

1. French Consumers Attitude and Expectations:

Several factors, such as the decline in number of working hours, growing workforce participation rate among women, shrinking average household size, greater urbanization, as well as an aging population, are driving French demand in the food service market. In 2007, commercial catering sales rose following increased consumer demand for ready-to-eat, moderately priced meals. Institutional catering is expected to continue its growth trend in the future.

Interesting trends in 2007, included:

- Meals priced under 15 euros ($20) continued to increase;
- Falling rate of eating out;
- More meals consumed in less than 30 minutes;
- A decrease in purchasing power;
- Consumers distinguishing "fast food" from "junk food;"
- Change in traditional restaurant meal: appetizer + main dish + dessert represented only 16 percent of meals consumed in restaurants;
- Growth in microwaveable products.

2. France in Profile:

With a total area of 551,000 square kilometers, excluding its overseas departments and territories, France is the largest western European country. In 2007, France's population was estimated at 63.6 million (French National Institute for Statistics (INSEE)) with a per capita gross domestic product (GDP) of $40,253. France has approximately 25.7 million households, an average increase of 1.24 percent over the period 1975-2005, with this number expected to increase 25 percent by 2030. Household population has steadily decreased from 2.4 in 1999 to 2.3 in 2005; due to an aging population, this trend is expected to fall to 2.0 by 2030.

France ranks first in Europe, and third worldwide, in overall expenditures on food and related items behind the United States and Japan. The table below shows French household consumption by sectors for 2006 and 2007.

[1] Note: Exchange rates used in this report are as follows:
Calendar Year 2003: USD 1 = 0.883 Euros
Calendar Year 2004: USD 1 = 0.806 Euros
Calendar Year 2005: USD1 = 0.8038 Euros
Calendar Year 2006: USD1 = 0.796 Euros
Calendar Year 2007: USD1 = 0.7312 Euros
(Source: Central Intelligence Agency Fact Book)

French Household Consumption by Sectors for 2005 and 2006 and Percentages

2006 2007

Sector	Total Spent in 2006 in billion $	% Total Household Expenditures (in 2006)	Total Spent in 2007 in billion $	% Total Household Expenditures (in 2007)	% Difference Spent 2007/2006
Food and non-alcooholic beverages	171.1	13.7	191.5	13.4	11.9
Alcoholic beverages and tobacco	38.1	3.0	41.7	2.9	9.4
Clothes and shoes	58.9	4.7	66.2	4.6	12.4
Lodging, heating and lightling	314.3	25.2	363.9	25.4	15.8
Health	42.6	3.4	49.4	3.5	16.0
Transport and Communications	218.8	8.7	248.6	8.5	13.6
Leisure and culture	116.3	9.3	132.5	9.3	13.9
Education	9.3	0.7	10.9	0.8	17.2
Hotels, cafes and restaurants	77.9	6.2	89.2	6.2	14.5
Other goods and services	139.3	11.2	168.1	11.7	20.7

Source: French National Institute for Statistics (INSEE)

3. France's Food Service Sector Overview:

France has a large and highly fragmented food service sector with many small to medium-sized players. During calendar year 2007, the French hotel, restaurant and institution (HRI) food service sector served approximately 9.5 billion meals valued at nearly 78.4 billion Euros ($107.2 billion), reflecting an increase in sales of 7.5 percent over the period 2005-2007. The HRI sector is divided into two primary sub-sectors:

- Commercial catering - includes traditional restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, and fast food outlets, including street vendors. In 2007, sales in this sector totaled 61.2 billion Euros ($83.7 billion) with 5.3 billion meals served.

- Institutional catering - includes education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. In 2007, this sector's total sales were 17.2 billion Euros ($23.5 billion) with 4.2 billion meals served.

Current Structure of the Food Service Market:
(estimated sales: $107.2 billion)

Commercial catering: Fast food, cafeterias, cafes and brasseries	21%
Traditional restaurants, including chains	57%
Institutional catering	22%
Total	100%

Source: Estimates provided by trade sources

The table below indicates estimated sales of the French food service sector during the period 2002-2007.

Value of the French Food Service Sector

	Estimated Sales (in billion dollars)
2002	62.0
2003	N/A
2004	85.8
2005	90.7
2006	91.2
2007	107.2

N/A: Not Available
Source: Estimates provided by trade sources

Percentage Growth Rate of the HRI / Food Service Sales by Major Categories

	2006	2007	2008 (F)
Restaurants, including chains	*+2.5*	+9.0	+1.5
Hotels and resorts	*+2.6*	+6.7	+2.5
Other (fast foods incl cafes, snacks, brasseries)	*+2.6*	+4.5	+5.0
Institutional catering	+6.6	+6.7	+3.0

(F) = Forecast
Source: Neo-Restauration April 2008: p. 36 and trade estimates

Commercial Catering: In 2007, commercial catering sales rose following increased consumer demand for ready-to-eat, moderately priced meals. From the 5.3 billion meals served in this sector, 70 percent by volume, cost 10 Euros ($14) or less, 12 percent cost between 11 and 15 Euros ($15-21), 9 percent cost between 16-20 Euros ($22-27) and "expensive" meals, which cost between 21-50 Euros ($29-68) fell from 5 to 2 percent.

Despite slower growth expectations for 2008 and 2009,preliminary figures for 2008 show a sales increase of 5 percent for fast food (including cafes, snack vendors and brasseries), notably for McDonald's, with 23 new food outlets in 2008, and Quick, which opened 20 new food outlets in France where consumers could choose refrigerated "take away" food products.

Institutional catering: Institutional catering includes education, healthcare, business catering, schools, hospitals, air and sea catering. This sector is expected to continue its growth trend in the future. For 2008, operators remain confident despite a fiercely competitive environment with vigorous price negotiation. The industry is exploring new ways to secure contracts (multi-services, customized offers, adaption to new patterns of consumption, such as new snacking concepts to better compete with commercial catering establishments). Education (schools, universities), and business catering, are growing more slowly than the healthcare and hospital sectors which are focusing on nutritional/health foods.

Advantages, Opportunities and Challenges Facing U.S. Products in France

Advantages/Opportunities	Challenges
The current French food service sector growth trend of six percent per year; this sector is forecast to reach 95 billion Euros within the next ten years.	The French "food culture" is very strong and dominates the French food sector output. Domestic and intra-EU products supply a high proportion of French food and beverages needs. Therefore, U.S. suppliers face stiff challenges.
Weakness of the U.S. dollar vis-a-vis the Euro benefits U.S. products.	Price competition is fierce.
Decreasing European and French fish/seafood catch while imports from all over the world are increasing.	Fierce competition places enormous pressure on suppliers not only for fish/seafood but also for all other foods.
France is Europe's leading meat consumer, primarily for natural and lean meat.	U.S. suppliers must comply with European and French regulations such as food safety, logistical constraints, labeling regulations and ban on beef produced with growth promoting hormones.
French consumers demand quality, innovative, healthy products.	U.S. suppliers must adapt products to French consumers' tastes and expectations at moderate prices.
U.S. fast food chains, theme restaurants, and the food processing industry are raising demand for American food ingredients.	Certain food ingredients are banned or restricted from the French market.
Decreasing time for lunch favors snacking and VAE (ready-to eat) sales.	Innovative, healthy U.S. foods have opportunities provided they comply with European and French regulations
Decrease in food purchases favors liquid snack foods	U.S. suppliers may find a niche (soups, fruit juices, sodas, etc.)

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Commercial Catering:

With 78 percent of the food service market share, commercial catering sector dominates this sector in France. Trade sources estimate the value of commercial catering sector at 61.2 billion Euros ($83.7 billion) with about 5.3 billion meals served annually. This sector consists of:

- <u>Traditional restaurants, including chains</u> - This includes individual proprietor restaurants, multi-restaurant companies and large corporations, which represent 57 percent of the commercial catering sector. A large number of restaurants in and around Paris, and in other major French cities, are medium/high end restaurants serving a wide range of traditional food, although an increasing number specialize in cuisine from Asia, Africa, India and America. Restaurant chains represent 27 percent of the commercial catering market and are growing at a faster rate than independent restaurants with sales increasing by over 6 percent in 2007, compared to the previous year, and approximately 150 new outlets opened in 2007.

- Hotels and resorts with restaurants – These establishments are operated by individual proprietors, companies or large corporations and account for around 6 percent of the commercial catering market with over 17,000 restaurants. In general, the French do not frequent hotels for their restaurants, except for dinner when traveling, with the exception of a small number of luxury hotels with well-known restaurants, classified by famous guides such as "Michelin" or "Gault & Millau." These restaurants serve a wide range of traditional or ethnic foods.

- Leisure parks - France has about 50 leisure parks, three world-class (Disneyland Resorts Paris, Parc Asterix and Futuroscope). Disneyland Resorts Paris has about 15 million visitors annually with food sales estimated at $270 million. It is the leading leisure park in France serving approximately 32 million meals and snacks yearly. Disneyland Resorts Paris has its own central buying office, "Convergence Achats".

  Asterix, a French history themed park, is the second largest leisure park in France and serves about two million meals yearly. Asterix serves only traditional and neo-traditional French food. The third largest is Futuroscope serving approximately one million meals per year.

- Cafeterias, Cafes and Brasseries - Operated by individual proprietors, companies or large corporations, they represent around 19 percent of the commercial catering sector. These outlets serve sandwiches or quick lunches at reasonable prices to customers.

- Fast food outlets, including street vendors - Operated by companies and large corporations, these outlets represent 25 percent of the total food service market. Food sales in U.S.-style fast food restaurants, led by McDonald's and followed by Quick, a distant second, continue to rise in France. Most U.S.-style fast food restaurants procure food inputs in France and Europe. For example, 95 percent of McDonald's food purchases for its French restaurants are made in Europe.

  The French fast food outlets offering typically French food, such as baguette sandwiches, quiches and salads, have increased by 8 percent annually since 2001. This market segment, valued at 3.4 billion euros sales ($4.6 billion), represents approximately 1.2 billion units sold in 2007 in 10,000 outlets including: bakery, gas-station and transportation locations, automatic distributors, cafes, bars, brasseries, retail food sector and exposition/leisure parks.

- Delivered catering, including ethnic (e.g. sushi) - A competitive sector operated by companies and large corporations, this growing segment of commercial catering is comprised generally of the meal delivery (mainly to companies) and pizza delivery (mainly to households). Estimated in 2007 at 3 million meals delivered, this sector increased by 25 percent, compared to 2006.

1.1 Company Profiles:
The tables below provide information on the categories in the French commercial catering sector:

Categories of Commercial Catering, Number of Outlets and Total Sales in Calendar Year 2007

Category	Number of outlets	Total sales i(In Million $)	Sales Percentage Change 2007/2006
Traditional restaurants, including ethnic restaurants	66,100	25,208	+2.0
Bistro, cafes, brasseries, snacks	40,845	10,257	+11.0
Fish/seafood type restaurants	500	438	+4.8
Theme restaurants	1,500	1,054	+3.1
Pizzerias	13,000	6,798	+1.9
Grills	1,400	1,004	+5.1
US-style fast food	140	390	+1.2
French fast food	5,600	3,282	+1.8
Cafeterias	400	630	+0.8
Alternative food channels (stores, movie-theater, gas-station, etc.)	28,150	12,828	+5.0

Source : Gira-Sic Conseil (consultant report)

Leaders in the Commercial Catering Sector in France in Calendar Year 2007

Rank	**Groups**	**2007 Sales (In Million $)**	**Sales % Change 2007/2006**	**Number of Outlets**
1	McDonald's France	4,075	+10.4	1109
2	France Quick	976	+7.4	337
3	Agapes Restauration	883	+5.9	330
4	Elior/Eliance	744	+4.0	688
5	Servair (Air Catering)	636	+2.9	14
6	Buffalo Grill SA	629	+9.8	295
7	Groupe Flo	593	+12.6	190
8	Groupe Le Duff	453	+3.1	447
9	Groupe Holder	418	+8.5	354
10	Casino Cafeteria	416	-3.2	323
11	EuroDisney SCA	328	+15.4	68
12	Auto Grill	316	+6.7	490
13	Sesare SAS	289	+13.2	196
14	Yum Brands	260	--	164
15	SSP Compass	260	+6.9	200
16	Sodexo Group	229	+14.3	N/A
17	Accor	205	+7.0	N/A
18	Bertrand OB Holding	194	+18.3	N/A
19	Brasseries Kronenbourg	187	-15.9	79
20	PJB Holding	170	+14.9	32
21	Cora	149	+0.9	N/A

N/A: Not Available
Source: Gira-Sic Conseil (consultant report)

Commercial Catering in France: Leading Groups and Brands in Calendar Year 2007

Groups	Brands
McDonald's France	McDonald's
France Quick SA	Quick
Agapes Restauration	Flunch, Pizza Pai, Amarine, Les 3 Brasseurs
Servair (air catering)	Servair
Elior/Eliance	Arche, Boeuf Jardinier, Jules Verne, Drouant, Phileas, Pomme de Pain
Buffalo Grill SA	Buffalo Grill
Groupe Flo	Brasseries Flo, Petit Bofinger, Hippopotamus, Flo Prestige, Bistro Romain
Casino Cafeterias	Cafeterias Casino, Cœurs de ble
Groupe Le Duff	Brioche Doree, Pizza Del Arte, Fournil de Pierre
Accor	Lenotre, Wagons Lits
Groupe Holder	Paul, St Preux, Laduree
Autogrill	Autogrill Relais, Cote France, Spizzico, le Petit Cafe
Eurodisney SCA	Disneyland Paris
Yum Brands	Pizza Hut, KFC
SSP Compass	Salmon House, Cafe Select, Scappucci, Upper Crust, Tarte Julie, Ritazza Caffe, Le Train Bleu
Group Bertrand OB Holding Toastissimo	Restaurants a themes, sandwicheries Bert's, cafeterias Eris
Brasseries Kronenbourg	Tavernes, Comptoirs de Maitre Kanter
Serrare SAS	Courtepaille
Cora	Cafeterias Cora
PJB Holding	Brasseries, Chez Clement

Source: Neo-Restauration April 2008: Page 37

Major Fast Food Segment in France in Calendar Year 2007

Groups	**Number of Restaurants**	**Sales in 2007 (In Million $)**	**% Sales Increase 2006/2005**
McDonald's France	1109	4,075	+10.4
France Quick	337	976	+ 7.4
KFC France	58	178	+30.0
Major French Fast Food			
Paul, St Preux (Groupe Holder)	354	418	+ 8.5
La Station Sandwich, Pomme de Pain, Aubepain, Cafe Route, Phileas, Paul (Groupe Elior)	744	688	+ 4.0
Brioche Doree, Le Fournil de Pierre Caffe Del Arte, Pizza Del Arte (Groupe Le Duff)	447	453	+ 3.1
Bonne Journee, Cafe Ritazza, Upper Crust, Café Select (SSP)	200	260	+ 6.9
La Mie Caline (La Mie Caline)	165	153	+ 9.8

Ciao, Spizzico, Burger King, La Galleria, Cote France, Relais, Pain a la ligne ...(Autogrill)	490	316	+ 6.7
Relais H Café (Relais H SNC)	189	122	+ 6.0
La Croissanterie (La Croissanterie SA)	146	92	+ 8.7

Source: Neo-Restauration April 2008: page 38, and Gira-Sic Conseil (consultant report)

Leaders of Delivered Meals (1) in France, in Calendar Year 2006 (*)

Groups		**Number of delivered meals**	**Sales in 2007 (In million $)**	**% Sales Increase 2006/2005**
Sogeres	L'Affiche	482,488	12	+30
KB Sushi (2)	Sushi West	450,000	7	+50
Planet Sushi (2)	Planet Sushi	398,000	6	+35
Pains et Saveurs (3)	Class'Croute	350,000	25	+25
Sushi Shop (2)	Sushi Shop	350,000	7	+133
Sélection Repas	Fauchon/Flo Prestige/Sélection Repars	300,000	11	-2
Chaud Devant	Chaud Devant	256,000	9	+14
Matsuri (2)	Matsuri	225,203	4	+100
Accor	Lenotre	179,000	6	0
Casino	Repaburo	173,186	4	+28
Dalloyau	Dalloyau	120,000	5	0
Compass (5)	Train Bleu	86,000	3	+6
Raynier Marchetti (3, 4)	Déjeuner Livré/Plumier	73,102	2	+294
Valparaiso (4)	Passion Traiteur/Extreme	50,000	3	+11

Source: Neo-Restauration April 2008:page 39.
(*) Note: No update figures available for 2007
(1) Sales are for delivery meals only, not including reception. (2) Not including supermarkets. (3) Just for delivery activity. (4) Excluding subcontractors. (5) Change of subcontractor and name: Train Bleu becomes Milessence.

Leaders of Delivered Pizza (1) and Hamburgers in Calendar Year 2006 (*):

Groups		Number of Restaurants	Sales in 2005 (in million $)	% Sales Increase 2006/2005
Yum (2)	Pizza Hut	89	82	+1
Domino's Pizza France	Domino's Pizza	97	66	+19.14
NSR	Speed Rabbit Pizza	106	49	+11.43
Socorest	La Boite a Pizza	77	33	+18.18
Speed Burger Diffusion (3)	Speed Burger	23	9	+65.12
Framapizz	Pizza Sprint	25	11	+59.71
DFTP	Tutti Pizza	22	6	+22.22
Mister Pizza	Mister Pizza	15	6	+15.38
Sagem Resto/Cuisine Fusion	Station Pizza	12	4	+0.63
Scotter Pizz'	Scotter Pizz'	12	4	+20.00

Sources : Neo-Restauration April 2008:page 39.
(*) Figures not available for 2007
(1) Groups identified or having responded to the survey; (2) Excluding restaurants;
(3) The important development of the delivered hamburger segment conducted to classify the operator in this table

1.2 Entry Strategy

Most large restaurant businesses, including chains, offer local cuisine and use imported products only if local alternatives cannot be found. However, niche opportunities for U.S. suppliers exist for a range of diverse products such as fish/seafood, exotic meats, sauces (prepared sauces or dehydrated sauce bases) and salad dressings, a variety of food ingredients, wine, and frozen ethnic/regional food service meals in any outlet where the clientele is looking for "ethnic and/or regional" cuisine, or non-traditional options.

U.S. exporters should consider the financial strength, number and location of outlets, menu diversification, and purchasing policy of the business when targeting major restaurants or chains. In addition, U.S. exporters should also consider the following in formulating their entry strategy:

- Check EU and French regulations, e.g., hormone-free meat, biotech regulations, and carefully verify the acceptability of each product's ingredients and additives. For information on EU regulations, visit the following website: http://www.useu.be.
  - Note that French consumers are not very receptive to GMOs. In addition, the allowable adventitious presence level for EU-approved varieties of GMO's is set at 0.9 percent. Above this level, all products must be labeled as containing biotech. Such products are generally not marketed at the retail level in France. The Fraud Control Office (DGCCRF) of the French Ministry of Economy, Finance and Industry is

the French enforcing authority. For more details on EU regulations, see GAIN Report E47056, and on France's implementation, see Paris Annual Biotechnology report FR7072.

- Check EU and French food safety requirements.
- Verify the price competitiveness of the product compared to local and other imported products; check customs clearance requirements and any additional import charges based on sugar, milk, fat and starch content.
- Identify local agents/distributors that can promote and distribute U.S. products to restaurants that order small volumes on a regular basis.

1.3 Distribution Channels

Some restaurant chains have their own central buying offices, but most, including traditional restaurants, as well as hotels and resorts, buy through cash & carry channels or specialized wholesalers.

Cash & Carry wholesalers display a wide selection of food and non- food products in large stores. They sell to food retailers, food-service sector restaurants and restaurant chains. Cash & carry offers competitive prices, a variety of products, extended operating hours and immediate product availability. Major cash & carry groups are Metro (French subsidiary of Metro/Germany) and Promocash (a subsidiary of Carrefour) together representing 75 percent of total sales in the wholesale sector.

Specialized Distributors/Wholesalers have, as their main activity, distribution of food products. They have dry and cold storage facilities with refrigerated/freezer trucks for deliveries. They buy from processing companies, foreign exporters or importers. Their largest clients are in the catering sector.

Major Specialized Distributors/Wholesalers for the Food Service Sector

Name of Wholesaler/Distributor	Specialization
Pomona (Privately Owned)	Fresh fruits and vegetables
Aldis (Group Metro)	All fresh and frozen foods, including seafood and meat
Prodirest (Group Carrefour)	Frozen food
Davigel (Subsidiary of Nestle)	Frozen food and seafood
Brake France (Subsidiary of Brake Bros, U.K.)	Frozen food and seafood
Demarne Freres (Privately Owned)	Fresh/chilled and frozen fish and seafood
PRF (Privately Owned)	Fresh/chilled and frozen fish and seafood
Francap	Buying office and wholesaler for small supermarkets and restaurants

Source: Neo-Restauration April 2008: page 40.

Top Four Hotel & Resort Chains in France & Europe with Restaurant and Catering Services

Group Name	Nationality	Hotel resort name	Purchasing Sources
Accor	French	(Etap Hotel, Formule 1, Ibis, Mercure, Novotel, Sofitel)	Importers/wholesalers/direct or cash & carry
Envergure	French	(Bleu Marine, Campanile, Kyriad, Premiere Classe)	Importers/wholesalers/direct or cash & carry
Six Continents	U.K.	(Crowne Plazza, Holiday Inn, InterContinental)	Importers/wholesalers/direct or cash & carry
Choice Hotels	U.S.	(Clarion, Comfort Hotels, Quality)	Importers/wholesalers/direct or cash & carry

Source : La Revue HRC (hotel, restaurant, cafe)

2. Institutional Catering (including schools, universities, health & elderly care, company catering, air and sea catering, and others, including army and prison catering):

The institutional catering sector represents 22 percent of the food service market. Trade sources value the institutional catering sector at 17.2 billion Euros ($23.5 billion) with approximately 4.2 million meals served in 2007. This sector includes:

- Contract Catering Businesses
  This includes company restaurants, schools and universities, hospitals, nursing and retirement homes and is dominated by specialized companies such as Sodexho, Compass and Elior. The contract catering business increased 4.4 percent in 2007, compared to 2006, and is expected to grow at this rate through 2010.

- Concession Catering
  Concession catering includes transportation catering (highways, railway stations and airports), as well as in-town and leisure catering (museums, exhibition and sport centers). According to industry analysts, this segment increased at an annual rate of 3.6 percent from 1996 to 2007 and is expected to grow at a rate of 4 percent annually through 2010.

  The Sodexho group is the largest player in this segment, immediately followed by Elior group, the Compass group (mainly supplying airports), Autogrill (highways and railway stations) and Horeto (city sites and leisure sites).

- Air and Sea Catering
  In France, the major supplier in this segment is Servair (subsidiary of Air France). Most of the food purchased by Servair is of French origin. Second, but far behind, is Catair, a subsidiary of Eurest (Compass Group).

The leader in France for sea catering is Cofrapex (subsidiary of Metro/Cash and Carry). The major competitor of Cofrapex is SHRM (Societe Hoteliere de Restauration Maritime), which was bought in 1998 by the Compass Group.

2.1 Company Profiles

The institutional catering sector in France has three major players (representing 82 percent market share), 12 medium-sized regional companies and 29 small companies. This sector has grown at a rate of 5 percent annually since 2000. The tables below provide information on the major groups and businesses involved in the various segments of the institutional catering sector.

Major Groups & Businesses in the Institutional Catering Sector During Calendar Year 2007

Rank	Group/Firm	Total Sales in 2007 (In Million $)	Sales % Change 2007/2006	Number of Restaurants	Meals Served in 2007 (In Million)	% Change Meals Served 2007/2006
1	Group Sodexho France (*)	2,452	+3.8	5,479	326	+1.8
2	Group Elior	1,886	+7.4	4,167	282	+3.2
3	Compass Group France	1,454	+0.3	2,496	189	+1.0
4	Group Score	302	+22.7	798	33	+28.6
5	Group API	247	+16.5	1,073	60	+13.2
6	Groupe Ansamble	164	+34.8	590	33	+29.4
7	Groupe Dupont Restauration	137	+6.8	429	30	+4.1
8	Multi Restauration ServiceS (Group MRS)	60	--	N/A	N/A	--
9	Apetito France	46	+8.5	126	6	+8.9
10	R2C (Casino Cafeteria)	45	+39.5	53	4,576	+31.5
11	Resteco-Bretagne Restauration	45	+13.0	86	N/A	--

Source: Neo-Restauration April 2008: page 40.

N/A = Not Available
(*) Includes Sodexho, Sogeres, RGC, La Normande, Siges.

Major Companies in the Health and Elderly Care Segment

The leader in the segment is Sodexho with increased sales of 12 percent and 91 million meals served in 2007, an increase of 6.5 percent, compared to 2006. Experts forecast that steady growth in this segment will continue due to demands from an aging population. According to the French Institute for Statistics (INSEE), France should have 14 million people over 60 years old in 2010, and 17 million in 2020. Opportunities exist for U.S. suppliers of frozen foods, semi-prepared foods or sides, and prepared meals.

Rank	***Group/Firm***	***Sales in 2006 (In Million $) (*)***	***Sales % Change 2006/2005***	***Total Meals served (In Million)***	***% Changed Meals Served 2006/2005***
1	Sodexho France	605	+11.9	91	+6.5
2	Medirest (Compass Group France)	N/A	--	48	+4.0
3	Avenance (Elior Group)	N/A	--	53	+7.4
4	Sogeres (Sodexho)	85	+1.8	14	0
5	Groupe API/RDR	83	+19.8	22	+17.4
6	Score Groupe	67	+36.9	10	+47
7	Ansamble Groupe	44	+45	7	+26.6
8	Dupont Restauration	41	+7.9	8	+8.0
9	Groupe Vilvae	20	+4.7	3	-4.6

Source: Neo-Restauration April 2008: Page 41.
N/A: Not Available
(*) Figures for 2007 not known at time of report.

Top Companies in the Education (School and University) Segment

This segment showed overall growth of about 4 percent in 2006. Few opportunities exist for U.S. suppliers due to low per-meal costs.

Rank	**Group/Firm**	**Total Sales in 2006 (In Million $) (*)**	**% Change Sales 2006/2005**	**Meals Served in 2006 (In Million)**	**% Change Meals Served 2006/2005**
1	Avenance (Elior Group)	N/A	--	124	+1.6
2	Sodexho France	327	+4.2	81	+1.3
3	Scolarest (Compass Group France)	N/A	--	63	+0.2
4	Sogeres (Sodexho)	133	-8.2	28	-5.8
5	Group API/RDR	72	+10.0	24	+8.1
6	Ansamble	46	+29.9	16	+15.8
7	Dupont	26	+4.5	8	+2.0

	Restauration				
8	Resteco Bretagne Restauration	23	+27.1	N/A	--
9	Score Group	13	+111.9	3	+78.6
10	56 Restauration	11	+5.3	4	+6.6

Source: Neo-Restauration April 2008: page 41.
N/A: Not Available
(*) Figures for 2007 not available at time of report.

Top Groups/Firms in the Company Catering Segment

Major players in company catering saw sales increase by 12 percent in 2006. The sector showed overall growth in number of meals served and offers opportunities for U.S. suppliers of sophisticated, innovative and quality semi-prepared meals, including meat, fish and seafood.

Rank	Group/Firm	Total Sales in 2006 (In Million $) (*)	% Change Sales 2006/2005	Total Meals Served in 2006 (In Million)	% Changed Meals served 2006/2005
1	Avenance (Group Elior)	N/A	--	90	+3.3
2	Eurest (Compass Group France)	N/A	--	82	-0.2
3	Sodexho France	692	+2.8	78	+0.1
4	Sogeres (Sodexho)	211	+8.9	20	+1.3
5	Group SCORE	138	+9.7	16	+5.0
6	Groupe Vivae	59	-0.4	6	-11.9
7	Ansamble	48	+31.3	6	+4.4
8	API RDR	43	+22	6	+19.6
9	Multi Restauration Services	39	--	N/A	--
10	Dupont Restauration	33	+9.9	5	+6.0

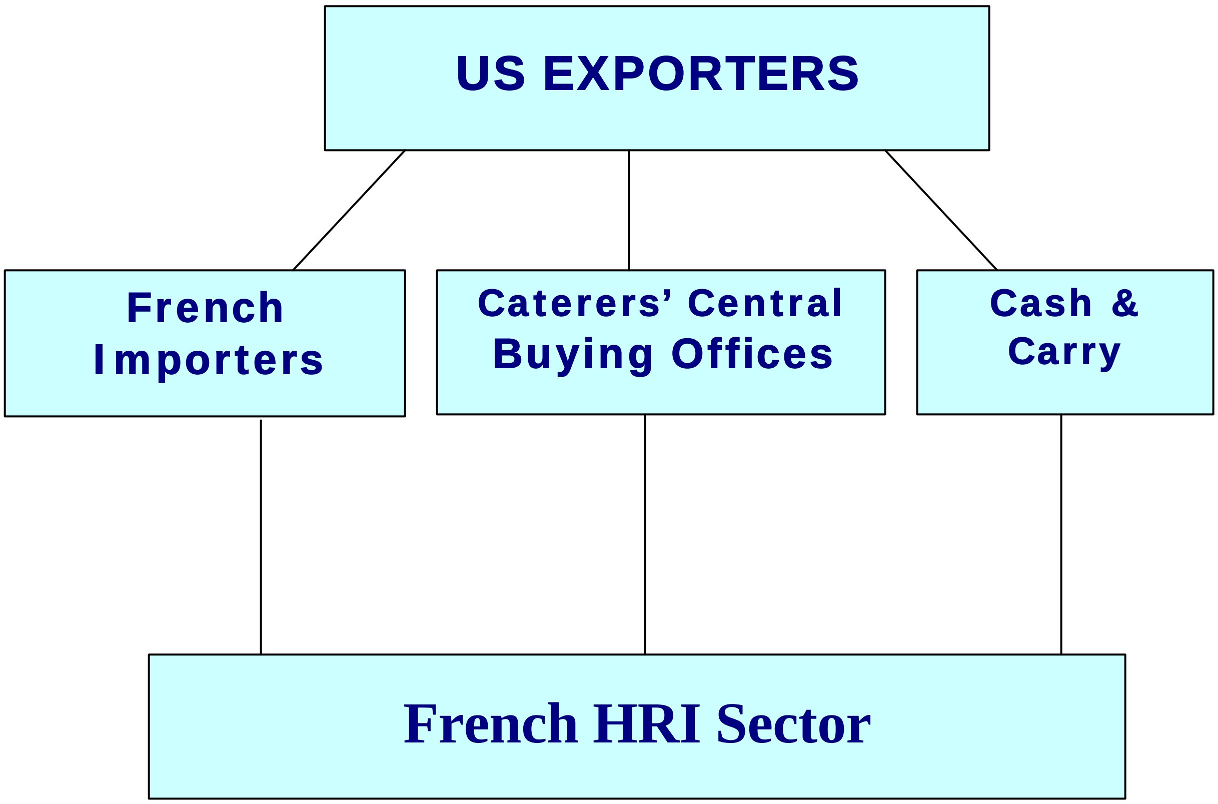
Source: Neo-Restauration April 2008: Page 42.
N/A: Not Available
(*) Figures for 2007 not available at time of report.

Other Institutional Catering Sector: Army and Prisons

Sales in army and prison institution catering were rather insignificant and represented only one percent of the institutional market sector. Lack of available data makes it difficult to project annual growth. Opportunities for U.S. suppliers in this segment are limited.

2.2 Entry Strategy

The diagram below indicates product flow in this market segment.



Major operators from the institutional catering sector often buy through central buying offices to ensure that all sanitary and health requirements are met. These central buying offices negotiate with potential suppliers based on specific requirements. Suppliers are selected primarily on the basis of price and quality.

3. Competition in the Commercial and Institutional Sectors

Domestic food and beverage products dominate the French food service market. Of imported products, 75 percent originate from EU member countries, which have several advantages in terms of reduced tariffs and transportation costs relative to third country imported products. The table below shows the major supply sources of imported food and beverages.

Product	Import Market Size, 2007 (in Billion $)	Major Suppliers in 2007	Market Summary
Fish and seafood	4.1	U.K., Norway, Spain, Denmark, Netherlands, USA	U.K. and Norway are both very price competitive and able to supply the fish and seafood varieties demanded by local consumers.
Sauces, salad dressings and seasonings	1.2	EU countries USA	Price competitive and no custom duties. However, the U.S. is able to supply a variety of ethnic/regional sauces.
Canned fruits and vegetables	1.6	West and Eastern Europe and Morocco	Price competitive. No duties for EU imports.
Bison meat	N/A	Canada USA	Although France is beginning to produce bison meat, Canada remains the major supplier. U.S. bison meat is less price competitive than the Canadian meat.
Wine	0.8	Italy, Spain, Portugal and New World wines, including USA.	Price competitive since no duties inside the EU. However, "exoticism" and quality create opportunities for U.S. wines.
Fruit juices	1.0	Brazil, Spain, USA	Lower prices from Brazil and Spain. However, Florida juices have a good reputation.
Ethnic Foods	N/A	China, Japan, India, Africa, USA	Given the growth of exotic cuisine, Tex-Mex products are growing, however, opportunities exist for other US/regional cuisine such as cajun.
Ready-to-eat meals	0.8	EU countries. China, Japan, India, Africa	France is a large manufacturer of ready-to-eat meals. Imports from other countries offer competitive prices.
Dried fruits and nuts	0.6	USA, Turkey, Israel, Iran	Lower prices from key supply countries. However, U.S. products dominate in almonds and pistachios.
Fresh fruits (including grapefruits & exotic fruits	5.7	Spain, Italy, Morocco, Israel, South Africa and USA.	Preference is given to EU suppliers and neighborhood countries having special tariff rates. However, Florida grapefruit is a market favorite.
Rice	0.4	Thailand, China, India, USA	France is a producing country. Thailand, China and India offer quality and low price products. USA mostly exports brown rice. Biotech testing is a constraint.
Dry legumes (peas, lentils and beans)	0.2	China, Canada, Turkey, Argentina, USA	France grows lentils but imports most all other dry legumes (beans, and peas). USA competitors in the sector

			offer lower prices. The US advantage is quality and variety.

4. Best Product Prospects

Frozen foods represent 20 percent of the products used in the food service industry. Best opportunities for U.S. frozen foods in the food service sector are for fish and seafood, meat, fruits and vegetables, frozen deserts (such as cakes and ice creams), ready-to-eat meals and ethnic/regional sides or meals and bison meat. There is also demand for salad dressings, tomato sauces and spices.

Other opportunities for U.S. suppliers include: salad dressings, fruit juices and soft drinks (including flavored spring waters), dried fruits and nuts, fresh fruits including grapefruits and exotic fruits, vegetables, frozen foods (ready-to-eat meals and specialty products), snack foods, tree nuts, ethnic products, seafood, soups, breakfast cereals, bison meat, and pulses.

5. Key Contacts and Further Information

Internet Home Pages

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

U.S. Mission to the European Union	http://useu.usmission.gov/agri/usda.html
FAS/Washington	www.fas.usda.gov
European Importer Directory	www.american-foods.org
FAS/Paris	http://amb-usa.fr/fas/fas.htm
Web site for Professional Trade Shows and Events	http://www.salons-online.com

If you have any questions or comments regarding this report, or need assistance exporting to France, please contact the U.S. Agricultural Affairs Office in Paris at:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America
2, avenue Gabriel
75382 Paris, Cedex 08, France
Phone: (33-1).43.12.2264
Fax: (33-1).43.12.2662
Email: agparis@fas.usda.gov <mailto:agparis@usda.gov>
Home page: <http://www.amb-usa.fr/fas/fas.htm>

Please view our Home Page for more information on exporting U.S. food and beverage products to France, including market and product “briefs” available on specific topics of interest to U.S. exporters.

Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products. Recent reports of interests to U.S. exporters interested in the French market include:

Report Number	Name	Hot link
FR5016	Kosher Foods in France	http://www.fas.usda.gov/gainfiles/200505/146119632.pdf
FR5090	Organic Food	http://www.fas.usda.gov/gainfiles/200607/146208245.pdf
FR6023	Dried Fruit Annual	http://www.fas.usda.gov/gainfiles/200604/146187422.pdf
FR6054	Fishery Products Annual	http://www.fas.usda.gov/gainfiles/200610/146249202.pdf
FR6055	Product Brief: Dried Fruits	http://www.fas.usda.gov/gainfiles/200702/146280094.pdf
FR6056	Product Brief: Sweet, Savory Snacks & Snack Bars in France	http://www.fas.usda.gov/gainfiles/200702/146280095.pdf
FR6057	Product Brief: Sauces	http://www.fas.usda.gov/gainfiles/200702/146280096.pdf
FR6058	Product Brief: French Market for Confectionary, Chocolate & Cocoa Products	http://www.fas.usda.gov/gainfiles/200702/146280097.pdf
FR6059	Product Brief: Non-Alcoholic Beverages	http://www.fas.usda.gov/gainfiles/200702/146280098.pdf
FR6060	Product Brief: Tea	http://www.fas.usda.gov/gainfiles/200610/146249284.pdf
FR6065	Product Brief: Nuts	http://www.fas.usda.gov/gainfiles/200702/146280103.pdf
FR7006	Wine Annual	http://www.fas.usda.gov/gainfiles/200702/146280108.pdf
FR7022	Biotechnology Annual Report	http://www.fas.usda.gov/gainfiles/200707/146291890.pdf
FR7023	Food & Agricultural Import Regulations and Standards Annual	http://www.fas.usda.gov/gainfiles/200708/146291922.pdf
FR7041	Ready to eat and Snack Market	http://www.fas.usda.gov/gainfiles/200712/146293360.pdf
FR7042	Halal Food Market	http://www.fas.usda.gov/gainfiles/200801/146293395.pdf
FR8008	GOF Action on Biotech – One Year Overview	http://www.fas.usda.gov/gainfiles/200806/146294857.pdf
FR8009	Retail Food Sector	http://www.fas.usda.gov/gainfiles/200806/146294851.pdf

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at: www.fas.usda.gov